

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00

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O R 241459 Z APR 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 9684

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY ASUNCION

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

USCINCSO

C O N F I D E N T I A L LA PAZ 2382

USCINCSO FOR POLAD

EO 11652: GDS

TAGS: PGOV BL

SUBJ: CABINET CHANGES

REF: LA PAZ 2359

1. AT 6:30 P. M. ON APRIL 23 ON NATIONWIDE RADIO/ T. V. PRESIDENT BANZER SWORE IN SIX NEW CABINET MINISTERS. THE CEREMONY TOOK PLACE AT THE PRESIDENTIAL PALACE WITH THE LEADERSHIP OF THE MNR, THE FSB AND THE MILITARY IN ATTENDANCE. ALSO IN ATTENDANCE WERE THE OUT-GOING MINISTERS WHOSE PRESENCE GAVE THE IMPRESSION OF INTERNAL LOYALTY

AND UNITY.

2. MINISTERS NOT RECONFIRMED WERE HUMBOLDT (LABOR), ADETT ZAMORA (INTERIOR), VALVERDE (HEALTH), ORMACHEA (COMMERCE), GIL REYES (AGRICULTURE), HUMEREZ (CAMPESINO AFFAIRS) AND ITURRALDE (MINISTER SECRETARY). TWO INCUMBENT MINISTERS SWITCHED PORTFOLIOS WITH
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MINSTATE ARCE TAKING OVER INTERIOR AND MININFO FORTUN MOVING TO LABOR. THE MINISTER OF STATE PORTFOLIO WAS LEFT VACANT.

3. THE NEW MINISTERS ARE: AIR FORCE LTC JUAN PEREDA ASBUN, EX-COMMANDER AIR COLLEGE IN SANTA CRUZ (COMMERCE); LUIS LEIGUE SUAREZ, EX- AMBASSADOR TO BRAZIL (HEALTH); DR JAIME CABALLERO TAMAYO, EX-PUBLIC RELATIONS DIRECTOR FOR BANCO DEL ESTADO (INFORMATION); ARMY LTC ALBERTO NATUSCH BUSCH, EX- COMMANDER 9 TH INFANTRY IN TRINIDAD (AGRICULTURE); MAJOR MARIO ESCOBARI GUERRA, EX- SCHOOL OF ARMS IN COCHABAMBA (MINISTER SECRETARY GENERAL); AND COLONEL RAMON AZERO SANZETENEA, EX- PRESIDENTIAL CAMPESINO COORDINATOR (CAMPESINO AFFAIRS). THE STATE PORTFOLIO WHICH WAS REACTIVATED LAST YEAR WITH THE APPOINTMENT OF ARCE WAS ONCE AGAIN ABANDONED.

4. THE NEW LINE UP INCLUDES FIVE MNR, FIVE FSB, TWO PRIVATE SECTOR AND FIVE MILITARY SEATS, WITH THE MILITARY HAVING GAINED ONE ADDITIONAL PORTFOLIO AND THE PRIVATE SECTOR HAVING LOST TWO. THIS IS THE FIRST CHANGE IN THE POLITICAL BALANCE OF THE CABINET SINCE THE ASSUMPTION OF POWER BY BANZER IN AUGUST 1971.

5. COMMENT: THE ANNOUNCEMENT OF A CABINET " CRISIS" AT THIS TIME CAME AS A COMPLETE SURPRISE (EVEN THE NEWSPAPERS WERE AT A LOSS FOR WORDS), AND NO ADEQUATE EXPLANATION OF THE TIMING HAS YET BEEN FORTHCOMING. WIDE SPREAD CHANGES HAD BEEN ANTICIPATED AT THE FIRST OF THE YEAR, BUT DID NOT OCCUR AT THIS TIME. MORE RECENTLY KNOWLEDGEABLE OBSERVERS HAVE BEEN PREDICTING THAT THERE WOULD BE NO CHANGES UNTIL AUGUST. WHILE THE TIMING WAS A SURPRISE, THERE WERE NO SURPRISES WITH REGARD TO WHICH MINISTERS CHANGED. THE REMOVAL OF VALVERDE, ADETT ZAMORA, AND ORMACHEA HAD LONG BEEN ANTICIPATED; VALVERDE BECAUSE OF HIS ESTRANGEMENT FROM FSB CHIEF GUTIERREZ AND SUSPICIONS THAT HE WAS NOT FULLY LOYAL TO BANZER (LA PAZ 1085); ADETT ZAMORA BECAUSE OF HIS ALLEGED EXCESSES WITH REGARD TO POLITICAL ARRESTS; AND ORMACHEA BECAUSE OF THE FAILURE TO CONTROL PRICES AND SUPPLIES FOLLOWING THE OCTOBER DEVALUATION AND THE NEW ROUND OF PRICE INCREASES. THE FAILURE OF GIL REYES AND HUMEREZ TO RESOLVE THEIR DIFFERENCES WITH REGARD TO THE POLITICAL ACTIVITIES OF THEIR MINISTRIES AMONG CAMPESINOS HAD BECOME PUBLIC KNOWLEDGE AND AN EMBARRASSMENT TO THE GOB. WITH REGARD TO HUMBOLDT, MNR SOURCES HAVE BEEN REPORTING FOR SOME TIME VICTOR PAZ' FEAR THAT HUMBOLDT' S PERFORMANCE AS ACTING MNR CHIEF AND MINISTER OF LABOR FOLLOWING THE DEVALUATION HAD CAUSED HIS STAR TO SHINE TO BRIGHTLY FOR PAZ' COM-CONFIDENTIAL

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FORT. ARCE' S SWITCH TO MINISTER OF INTERIOR HAS ALSO BEEN CONSISTENTLY PREDICTED.

6. NEITHER WAS THE REDUCTION OF PRIVATE SECTOR REPRESENTATION IN THE CABINET SURPRISING. WHILE THE PRIVATE SECTOR PLAYED A MAJOR ROLE IN THE 1971 BANZER REVOLUTION, PARTICULARLY WITH FINANCIAL ASSISTANCE, IT HAS NOT LIVED UP TO ITS PROMISE WITH REGARD TO INVESTMENT AND HAS RECEIVED CRITICISM FROM THE POLITICAL PARTIES AND THE MILITARY FOR THE ZEALOUSNESS WITH WHICH IT PURSUED ITS SPECIAL INTERESTS FOLLOWING DEVALUATION.

7. THE INCREASED MILITARY REPRESENTATION SHOULD DECREASE TENSIONS BETWEEN THE MILITARY AND THE POLITICAL PARTIES THEREBY STRENGTHEN THE BANZER GOVERNMENT POLITICALLY. THE MILITARY INSTITUTION HAS LONG FELT IT DID NOT HAVE REPRESENTATION IN THE CABINET COMMENSURATE WITH ITS IMPORTANCE IN BOLIVIAN AFFAIRS AND YESTERDAY' S CHANGES BRING IT UP TO PAR WITH THE MNR AND THE FSB AT THE EXPENSE OF THE PRIVATE SECTOR.

8. WHILE AT FIRST BLUSH IT WOULD APPEAR THAT THE CABINET HAS BEEN STRENGTHENED POLITICALLY, IT IS TOO EARLY TO ASSESS WITH CONFIDENCE WHETHER THE CHANGES REPRESENT A STRENGTHENING OF TECHNICAL COMPETENCE.
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